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VOC FOR IOP/FN

BACKGROUNDER NO. 1-0202 FEBRUARY 19, 1976
JOSEPH SULLIVAN

ASEAN: SUMMITRY AND ECONOMIC INTEGRATION

ANNCR:

THE LEADERS OF THE FIVE MEMBER STATES OF THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS WILL MEET IN BALI, INDONESIA NEXT WEEK. VOA'S JOSEPH SULLIVAN LOOKS AT ONE LONG-TERM ISSUE THAT SEEMS CERTAIN TO BE HIGH ON THE AGENDA...THE FORMATION OF AN ECONOMIC COMMUNITY IN SOUTHEAST ASIA.

VOICE:

ASEAN -- WHOSE MEMBERS REPRESENT MORE THAN TWO HUNDRED FIFTY MILLION PEOPLE -- WAS FORMED IN 1967 TO PROMOTE REGIONAL COOPERATION, PARTICULARLY IN THE ECONOMIC FIELD. IT'S ACHIEVED A GREAT DEAL IN THIS AREA. SO MUCH, IN FACT, THAT IT'S BEEN NECESSARY TO ESTABLISH A SECRETARIAT IN MANILA TO COORDINATE THE ASSOCIATION'S ECONOMIC PROJECTS. BUT, AT THE SAME TIME, THERE ARE PRESSURES IN ASEAN TO PUSH FASTER ON ECONOMIC INTEGRATION IN SOUTHEAST ASIA -- ALONG THE LINES OF THAT IN WESTERN EUROPE, FOR EXAMPLE.

THE STRONGEST ARGUMENT FOR ECONOMIC INTEGRATION IN ASEAN IS THAT THE FIVE MEMBER NATIONS -- MALAYSIA, SINGAPORE, THAILAND, INDONESIA AND THE PHILIPPINES -- SHARE A RELATIVELY COMMON APPROACH TO ECONOMIC DEVELOPMENT. EACH COUNTRY HAD DEVELOPED QUITE RAPIDLY OVER THE LAST DECADE, EACH IS COMMITTED TO POLICIES OF ENCOURAGING PRIVATE ENTERPRISE AND FOREIGN INVESTMENT, AND EACH HAS COME TO REALIZE THAT IT CANNOT ACHIEVE OPTIMUM ECONOMIC GROWTH IF IT PURSUES A "GO-IT-ALONE" POLICY IN SOUTHEAST ASIA.

STILL, THERE ARE THOSE WHO SERIOUSLY DOUBT THAT AN ECONOMIC COMMUNITY IS POSSIBLE IN THE REGION. COUNTRIES FORMING A FREE-TRADE AREA OR A COMMON MARKET, THEY CONTEND, MUST BE AT A ROUGHLY SIMILAR LEVEL OF ECONOMIC DEVELOPMENT BEFORE THEY CAN CONSIDER INTEGRATING THEIR ECONOMIES. AND THE ECONOMIC DISPARITY AMONG THE FIVE ASEAN STATES, THEY SAY, IS TOO EXTREME TO MAKE INTEGRATION FEASIBLE. SOME ECONOMIC INDICATORS DO TEND TO BEAR THIS OUT. SINGAPORE, FOR EXAMPLE, HAS AN ANNUAL PER CAPITA GROSS NATIONAL PRODUCT OF ONE THOUSAND FIVE HUNDRED DDOLLARS. WHILE, INDONESIA, AT THE LAW EXTREME, HAS ONLY EIGHTY DOLLARS.

WITHIN ASEAN, SINGAPORE IS THE LEADING ADVOCATE OF A FREE-TRADE-ZONE IN SOUTHEAST ASIA AS THE FIRST STEP TOWARD THE REALIZATION OF A FULL-FLEDGED ECONOMIC COMMUNITY. COOPERATION ON TARIFFS, IT BELIEVES, IS CRUCIAL TO FURTHER PROGRESS TOWARD ECONOMIC INTEGRATION. DESPITE OPPOSITON TO ACROSS-THE-BOARD TARIFF REDUCTIONS, THERE IS GENERAL AGREEMENT IN ASEAN THAT UNLESS THE ASSOCIATION DEALS COLLECTIVELY ON TARIFF MATTERS IT CANNOT EXPECT TO DEAL FROM A POSITION OF STRENGTH IN ITS RELATIONS WITH OTHER ECONOMIC BLOCS SUCH AS THE EUROPEAN ECONOMIC COMMUNITY.

THERE IS NO QUESTION THAT TARIFF REDUCTIONS, REGARDLESS OF HOW SMALL, WILL NOT COME EASILY, FOR TARIFFS AFFECT THE REVENUES OF THE LESS AFFLUENT COUNTRIES IN THE AREA AND PROTECT SHAKY INDUSTRIES. HOWEVER, TWO ASEAN MEMBERS -- THAILAND AND THE PHILIPPINES -- HAVE TAKEN THE FIRST STEPS TOWARD TARIFF REDUCTIONS, JOINING IN AN AGREEMENT SPONSORED BY THE UNITED

NATIONS ECONOMIC COMMISSION FOR ASIA AND THE PACIFIC TO REDUCE TARIFFS ON A NUMBER OF PRODUCTS.

THERE ARE, OF COURSE, OTHER OBSTACLES TO BE CLEARED IF TARIFFS ARE TO BE LOWERED AND BEFORE THE CONCEPT OF A TARIFF-FREE-ZONE CAN BE TAKEN SERIOUSLY. NOETHELESS, OBSERVERS ARE HEARTENED BY THE FACT THAT THE MEMBERS OF ASEAN HAVE BEGUN TO TALK IN CONCRETE TERMS OF STEPS TO REACH THESE OBJECTIVES. AND THEY WILL BE WATCHING NEXT WEEK'S SUMMIT MEETING IN BALI FOR SIGNS OF MORE PROGRESS.

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